

Affordable Care Act Provides Expanded Tax Benefit to Health Professionals Working in Underserved Areas

As part of efforts to strengthen the health care workforce, the Internal Revenue Service today announced that under the Affordable Care Act health care professionals who received student loan relief under state programs that reward those who work in underserved communities may qualify for refunds on their 2009 federal income tax returns as well as an annual tax cut going forward.

“The Affordable Care Act included a change in the law, effective in 2009, that expands a tax exclusion for amounts received by health professionals under loan repayment and forgiveness programs. Prior to the new law, only amounts received under the National Health Service Corps Loan Repayment Program or certain state loan repayment programs eligible for funding under the Public Health Service Act qualified for a tax exclusion.

The Affordable Care Act expands this tax exclusion to include any state loan repayment or loan forgiveness programs intended to increase the availability of health care services in underserved areas or health professional shortage areas and makes this exclusion retroactive to the 2009 tax year.

Health care professionals participating in these programs who have reported income from repaid or forgiven loan amounts on their 2009 returns, possibly after receiving a Form W-2, Wage and Tax Statement, or Form 1099, may be due refunds. In Louisiana, all those involved in the State Loan Repayment Program were already covered under the original tax exclusion mentioned above. Those who would now be covered would be participants in the Greater New Orleans Health Service Corps who used the money for student loan repayment and can provide documentation that verifies that the money received through this program was used to repay student loan debt.

For further information on this Act, please see the complete article at:
<http://www.irs.gov/newsroom/article/0,,id=224387,00.html>